SENATE BILL No. 297

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4; IC 4-13.5-4-6; IC 5-1-4-26; IC 5-1.4-9-9; IC 5-1.5-9-9; IC 5-20-2-14; IC 5-21-2-15; IC 6-4.1; IC 6-8-5-1; IC 8-10-1-27; IC 8-14.5-6-12; IC 8-21-9-31; IC 8-22; IC 14-13; IC 14-14-1-46; IC 15-1.5-9-9; IC 16-22; IC 20-12-63-27; IC 21-9-7-3; IC 27-1-29-17; IC 28-5-2-2; IC 29-1; IC 29-3-3-3; IC 30-4; IC 33-19-5-6; IC 34-24; IC 36-7; IC 36-9; IC 36-10.

Synopsis: Elimination of inheritance tax. Exempts Class A transferees from the inheritance tax beginning January 1, 2003. Phases out the inheritance tax for Class B and Class C transferees by increasing exemption amounts in 2003 and 2004. Provides that the inheritance tax does not apply to Class B and Class C transferees after December 31, 2004. Provides that the Indiana estate tax does not apply to the estate of an individual who dies after December 31, 2004. Provides that the Indiana generation skipping transfer tax does not apply to the estate of an individual who dies after December 31, 2009, and before January 1, 2011. Repeals inheritance tax statutes on January 1, 2007. Makes conforming amendments.

Effective: July 1, 2002; July 1, 2007.

Zakas

January 7, 2002, read first time and referred to Committee on Finance.

Introduced

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 297

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 4-4-11-36.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 36.1. (a) Except as provided in subsections (b) through (c), all property, both tangible and intangible, acquired or held by the authority under this chapter, IC 4-4-21, or IC 15-7-5 is declared to be public property used for public and governmental purposes, and all such property and income therefrom shall at all times be exempt from all taxes imposed by this state, any county, any city, or any other political subdivision of this state, except for the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

(b) Property owned by the authority and leased to a person for an industrial development project is not public property. The property and the industrial development project are subject to all taxes of the state or any county, city, or other political subdivision of the state in the same manner and subject to the same exemptions as are applicable to all persons.

(c) Any industrial development project financed by a loan under the authority of this chapter shall not be considered public property and shall not be exempt from any taxes of this state, or any county, city, or other political subdivision thereof, except for pollution control equipment.

(d) An agricultural enterprise or rural development project financed by a loan under the authority of this chapter or IC 15-7-5 shall not be considered public property and shall not be exempt from Indiana taxes or any county, city, or other political subdivision of the state.

(e) This section does not provide a tax exemption for a financial institution that receives a guaranteed participating loan or an exporter that receives an eligible export loan or performance bond guarantee under this chapter or IC 4-4-21.

SECTION 2. IC 4-4-11.2-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 29. All property of the authority is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes and special assessments, direct or indirect, of the state or a political subdivision of the state. All bonds issued under this chapter are issued by a body corporate and public of the state, but not a state agency, and for an essential public and governmental purpose, and the bonds, the interest thereon, the proceeds received by a holder from the sale of the bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption prior to maturity, and proceeds received at maturity and the receipt of the interest and proceeds shall be exempt from taxation in the state for all purposes except a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 3. IC 4-13.5-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) All property of the commission is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes and special assessments of the state or a political subdivision of the state.

(b) All bonds or loan contracts issued under this article are issued by a body corporate and politic of this state, but not a state agency, and for an essential public and governmental purpose, and the bonds and loan contracts, the interest thereon, the proceeds received by a holder from the sale of the bonds or loan contracts to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of the interest and proceeds are exempt from taxation for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 4. IC 5-1-4-26 IS AMENDED TO READ AS FOLLOWS

[EFFECTIVE JULY 1, 2002]: Sec. 26. The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of a project by an authority or its agent will constitute the performance of essential governmental functions, such authority shall not be required to pay any taxes or assessments upon or in respect of a project or any property acquired or used by such authority under the provisions of this chapter, or upon the income therefrom, and the bonds issued under the provisions of this chapter, the interest thereon, the proceeds received by a holder from the sale of such bonds to the extent of the holder's cost of acquisition, or proceeds received upon redemption prior to maturity or proceeds received at maturity, and the receipt of such interest and proceeds shall be exempt from taxation in the state of Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 5. IC 5-1.4-9-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9. All property of the bank is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes and special assessments of the state or a political subdivision of the state. All bonds or notes issued under this article are issued by a body corporate and public of this state, but not a state, city, or county agency, and for an essential public and governmental purpose. The bonds and notes, the interest thereon, the proceeds received by a holder from the sale of the bonds or notes to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of the interest and proceeds shall be exempt from taxation in the state for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 6. IC 5-1.5-9-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9. All property of the bank is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes and special assessments, direct or indirect, of the state or a political subdivision of the state. All bonds or notes issued under this article are issued by a body corporate and public of this state, but not a state agency, and for an essential public and governmental purpose and the bonds and notes, the interest thereon, the proceeds received by a holder from the sale of the bonds or notes to the extent of the holder's cost of acquisition, proceeds received upon redemption prior to maturity, ~~and~~ proceeds received at maturity, and the receipt of the interest and proceeds shall be exempt from taxation in the state for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 7. IC 5-20-2-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 14. All bonds and interim receipts or certificates, proceeds received by a holder from the sale of them to the extent of the holder's cost of acquisition, proceeds received upon redemption prior to maturity, proceeds received at maturity, and interest thereon, are exempt from taxation in the state of Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 8. IC 5-21-2-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 15. (a) All property of the commission is public property devoted to an essential public and governmental function and purpose and is exempt from all taxes and special assessments of the state or a political subdivision of the state.

(b) All bonds or loan contracts issued under this article are issued by a body corporate and politic of this state, but not a state agency, and for an essential public and governmental purpose. The bonds and loan contracts, the interest on them, the proceeds received by a holder from the sale of the bonds or loan contracts to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of the interest and proceeds are exempt from taxation for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 9. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 0.5. Beginning January 1, 2005, this chapter does not apply to a property interest transferred from the estate of an individual whose death occurs after December 31, 2004.**

SECTION 10. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 0.5. Beginning January 1, 2005, this chapter does not apply to a property interest transferred from the estate of an individual whose death occurs after December 31, 2004.**

SECTION 11. IC 6-4.1-3-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. **(a) With respect to a person who dies before January 1, 2003,** the first one hundred thousand dollars ($100,000) of **the decedent's** property interests transferred to a Class A transferee under a taxable transfer or transfers is exempt from the inheritance tax.

(b) With respect to a person who dies after December 31, 2002, the entire amount of the decedent's property interests transferred to a Class A transferee is exempt from the inheritance tax.

SECTION 12. IC 6-4.1-3-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. **(a) With respect to a person who dies before January 1, 2003,** the first five hundred dollars ($500) of **the decedent's** property interests transferred to a Class B transferee under a taxable transfer or transfers is exempt from the inheritance tax.

(b) With respect to a person who dies after December 31, 2002, the amount of the decedent's property interests transferred to a Class B transferee as set forth in the following table is exempt from the inheritance tax:

DATE OF DEATH	**AMOUNT OF EXEMPTION FOR CLASS B TRANSFEREE**
After December 31, 2002, and before January 1, 2004	**The first $100,000**
After December 31, 2003, and before January 1, 2005	**The first $120,000**

SECTION 13. IC 6-4.1-3-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12. **(a) With respect to a person who dies before January 1, 2003,** the first one hundred dollars ($100) of **the decedent's** property interests transferred to a Class C transferee under a taxable transfer or transfers is exempt from the inheritance tax.

(b) With respect to a person who dies after December 31, 2002, the amount of the decedent's property interests transferred to a Class C transferee as set forth in the following table is exempt from the inheritance tax:

DATE OF DEATH	**AMOUNT OF EXEMPTION FOR CLASS C TRANSFEREE**
After December 31, 2002, and before January 1, 2004	**The first $20,000**
After December 31, 2003, and before January 1, 2005	**The first $24,000**

SECTION 14. IC 6-4.1-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) For purposes of this section, the net taxable value of property interests transferred by a decedent to a particular transferee equals the remainder of:

(1) the total fair market value of the property interests transferred by the decedent to the transferee under a taxable transfer or transfers; minus

(2) the total amount of exemptions and deductions provided under ~~sections 9.1 through 15 of IC 6-4.1-3,~~ **IC 6-4.1-3-10 through IC 6-4.1-3-15** with respect to the property interests so transferred.

(b) **With respect to a person who dies before January 1, 2003,** the inheritance tax imposed on a decedent's transfer of property interests to a particular Class A transferee is prescribed in the following table:

NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED	INHERITANCE TAX
$25,000 or less	1% of net taxable value
over $25,000 but not over $50,000	$250, plus 2% of net taxable value over $25,000
over $50,000 but not over $200,000	$750, plus 3% of net taxable value over $50,000
over $200,000 but not over $300,000	$5,250, plus 4% of net taxable value over $200,000
over $300,000 but not over $500,000	$9,250, plus 5% of net taxable value over $300,000
over $500,000 but not over $700,000	$19,250, plus 6% of net taxable value over $500,000
over $700,000 but not over $1,000,000	$31,250, plus 7% of net taxable value over $700,000
over $1,000,000 but not over $1,500,000	$52,250, plus 8% of net taxable value over $1,000,000
over $1,500,000	$92,250, plus 10% of net taxable value over $1,500,000

(c) **With respect to a person who dies after December 31, 2003,**

the inheritance tax imposed on a transfer of the decedent's property interests to a particular Class A transferee is zero dollars ($0).

(d) With respect to a person who dies before January 1, 2005, the inheritance tax imposed on a decedent's transfer of property interests to a particular Class B transferee is prescribed in the following table:

NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED	INHERITANCE TAX
$100,000 or less	7% of net taxable value
over $100,000 but not over $500,000	$7,000, plus 10% of net taxable value over $100,000
over $500,000 but not over $1,000,000	$47,000, plus 12% of net taxable value over $500,000
over $1,000,000	$107,000, plus 15% of net taxable value over $1,000,000

(e) With respect to a person who dies after December 31, 2004, the inheritance tax imposed on a transfer of the decedent's property interests to a particular Class B transferee is zero dollars ($0).

~~(d)~~ **(f) With respect to a person who dies before January 1, 2005,** the inheritance tax imposed on a decedent's transfer of property interests to a particular Class C transferee is prescribed in the following table:

NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED	INHERITANCE TAX
$100,000 or less	10% of net taxable value
over $100,000 but not over $1,000,000	$10,000, plus 15% of net taxable value over $100,000
over $1,000,000	$145,000, plus 20% of net taxable value over $1,000,000

(g) With respect to a person who dies after December 31, 2004, the inheritance tax imposed on a transfer of the decedent's property interests to a particular Class C transferee is zero dollars ($0).

SECTION 15. IC 6-4.1-4-0.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 0.2. Beginning January 1, 2005, this chapter does not apply to a property interest transferred from the estate of an individual whose death occurs after December 31, 2004.**

SECTION 16. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 0.5. Beginning January 1, 2005, this chapter does not apply to a property interest transferred from the estate of an individual whose death occurs after December 31, 2004.**

SECTION 17. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 0.5. Beginning January 1, 2005, this chapter does not apply to a property interest transferred from the estate of an individual whose death occurs after December 31, 2004.**

SECTION 18. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 0.5. Beginning January 1, 2005, this chapter does not apply to a property interest transferred from the estate of an individual whose death occurs after December 31, 2004.**

SECTION 19. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 0.5. Beginning January 1, 2005, this chapter does not apply to a property interest transferred from the estate of an individual whose death occurs after December 31, 2004.**

SECTION 20. IC 6-4.1-9-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 0.5. Beginning January 1, 2005, this chapter does not apply to a property interest transferred from the estate of an individual whose death occurs after December 31, 2004.**

SECTION 21. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 0.5. Beginning January 1, 2005, this chapter does not apply to a property interest transferred from the estate of an individual whose death occurs after December 31, 2004.**

SECTION 22. IC 6-4.1-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. **(a) This section applies only to a refund claim arising from the inheritance tax imposed as a result of a person's death occurring before January 1, 2005.**

(b) The time limits prescribed in section 1 of this chapter for filing a refund claim do not apply if the claim is for the refund of inheritance tax which has been determined in the manner provided in IC 6-4.1-6 **(before its repeal).**

SECTION 23. IC 6-4.1-11-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. **(a) Except as provided in subsection (b),** a tax to be known as the "Indiana estate tax" is imposed upon a resident or nonresident decedent's estate.

(b) This chapter does not apply to the estate of an individual whose death occurs after December 31, 2004.

SECTION 24. IC 6-4.1-11.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. **(a) Except as provided in subsection (b),** the Indiana generation-skipping transfer tax is imposed upon every generation-skipping transfer.

(b) This chapter does not apply to the estate of an individual whose death occurs after December 31, 2009, and before January 1, 2011.

SECTION 25. IC 6-4.1-12-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. The department of state revenue:

(1) shall supervise the enforcement of this article;
(2) shall supervise the collection of taxes imposed under this article;
(3) shall investigate the manner in which this article is administered and enforced in the various counties of this state;
(4) shall provide the forms and books required to implement this article;
(5) shall promulgate any rules or regulations which are necessary for the interpretation or the enforcement of this article;
(6) may investigate any facts or circumstances which are relevant to the taxes imposed under this article;
(7) shall provide the inheritance tax administrator with a secretary **(until the elimination of the office of inheritance tax administrator);** and
(8) may provide the inheritance tax administrator with assistants, clerks, or stenographers **(until the elimination of the office of inheritance tax administrator).**

SECTION 26. IC 6-4.1-12-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. The department of state revenue and the inheritance tax administrator **(until the elimination of the office of inheritance tax administrator)** shall gather information and make investigations concerning the estates of non-residents whose deaths result in the imposition of a tax under this article.

SECTION 27. IC 6-4.1-12-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12. (a) The department, the department's counsel, agents, clerks, stenographers, other employees, or former employees, or any other person who gains access to the inheritance tax files shall not divulge any information disclosed by the documents required to be filed under this article. However, disclosure may be made in the following cases:

(1) To comply with an order of a court.

(2) To the members and employees of the department.

(3) To the members and employees of county offices and courts to the extent they need the information for inheritance tax purposes. IC 5-14-3-6.5 does not apply to this subdivision.

(4) To the governor.

(5) To the attorney general.

(6) To any other legal representative of the state in any action pertaining to the tax due under this article.

(7) To any authorized officer of the United States, when the recipient agrees that the information is confidential and will be used solely for official purposes.

(8) Upon the receipt of a certified request, to any designated officer of a tax department of any other state, district, territory, or possession of the United States, when the state, district, territory, or possession permits the exchange of like information with the taxing officials of Indiana and when the recipient agrees that the information is confidential and will be used solely for tax collection purposes.

(9) Upon receipt of a written request, to the director of the division of family and children and to any county director of family and children, when the recipient agrees that the information is confidential and will be used only in connection with their official duties.

(10) To the attorney listed on the inheritance tax return under IC 6-4.1-4-1 **(before its repeal)** or IC 6-4.1-4-7 **(before its repeal).**

(11) To a devisee, an heir, a successor in interest, or a surviving

joint tenant of the decedent for whom an inheritance tax return was filed or, upon the receipt of a written request, to an agent or attorney of a devisee, an heir, a successor in interest, or a surviving joint tenant of the decedent.

(b) Any person who knowingly violates this section:

(1) commits a Class C misdemeanor; and

(2) shall be immediately dismissed from the person's office or employment, if the person is an officer or employee of the state.

SECTION 28. IC 6-8-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) All bonds issued after March 11, 1959, or notes, warrants, or other evidences of indebtedness issued in the state of Indiana by or in the name of any county, township, city, incorporated town, school corporation, state educational institution or state supported institution of higher learning, or any other political, municipal, public or quasi-public corporation or body, or in the name of any special assessment or taxing district or in the name of any authorized body of any such corporation or district, the interest thereon, the proceeds received by a holder from the sale of such obligations to the extent of the holder's cost of acquisition, or proceeds received upon redemption prior to maturity, or proceeds received at maturity, and the receipt of such interest and proceeds, shall be exempt from taxation in the state of Indiana for all purposes except a ~~state inheritance~~ tax imposed under IC 6-4.1.

(b) All bonds issued after March 11, 1933, and before March 12, 1959, by any municipality in this state under the provisions of any statute whereby the terms thereof provide for the payment of such bonds out of the funds derived from the revenues of any municipally owned utility or which are to be paid by pledging the physical property of any such municipally owned utility, or any bonds issued pledging both the physical property and the revenues of such utility, or any bonds issued for additions to or improvements to be made to such municipally owned utility, or any bonds issued by any municipality to be paid out of taxes levied by such municipality for the acquiring, purchase, construction, or the reconstruction of a utility, or any part thereof, shall be exempt from taxation for all purposes except a ~~state inheritance~~ tax imposed under IC 6-4.1.

(c) This section does not apply to measuring the franchise tax imposed on the privilege of transacting the business of a financial institution in Indiana under IC 6-5.5.

(d) No other statute exempting interest paid on debt obligations of:

(1) a state or local public entity, including an agency, a government corporation, or an authority; or

(2) a corporation or other entity leasing real or personal property to an entity described in subdivision (1);

applies to measuring of the franchise tax imposed on financial institutions under IC 6-5.5.

SECTION 29. IC 8-10-1-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 27. (a) The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions.

(b) As the operation and maintenance of a port project by the commission will constitute the performance of essential governmental functions, the commission shall not be required to pay any taxes or assessments upon any port project or any property acquired or used by the commission under the provisions of this chapter or upon the income therefrom. The bonds issued by the commission, the interest thereon, the proceeds received by a holder from the sale of such bonds to the extent of the holder's cost of acquisition, or proceeds received upon redemption prior to maturity or proceeds received at maturity, and the receipt of such interest and proceeds shall be exempt from taxation in the state of Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

(c) Notwithstanding any other statute, a lessee's leasehold estate in land that is part of a port and that is owned by the state or the commission is exempt from property taxation.

SECTION 30. IC 8-14.5-6-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 12. All bonds or notes issued under this article are issued by a body corporate and politic of this state, but not a state agency, and for an essential public and governmental purpose. The bonds and notes, the interest on the bonds and notes, the proceeds received by an owner from the sale of the bonds or notes to the extent of the owner's cost of acquisition, proceeds received upon redemption for maturity, proceeds received at maturity, and the receipt of the interest and proceeds are exempt from taxation for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 31. IC 8-21-9-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 31. (a) The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of an airport facility or airport facilities by the department will constitute the performance of essential governmental functions, the department shall not be required to pay any taxes or assessments upon any airport facility or airport facilities or any property acquired or used by the department under the provisions of this chapter, or upon the income therefrom, and the bonds issued under the provisions of this chapter, the interest thereon, the proceeds received by a holder from the sale of such bonds to the extent of the holder's cost of acquisition, or proceeds received upon redemption prior to maturity or proceeds received at maturity, and the receipt of such interest and proceeds shall be exempt from taxation in the state of Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

(b) All properties both real and personal owned and operated by the department or leased by the department for proprietary purposes shall be assessed and added to the local tax rolls as any other private property. Such proprietary operations, under control of either the authority or a lessee of the department, shall be subject to Indiana state gross income, adjusted gross income, and sales tax laws.

SECTION 32. IC 8-22-3-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 17. (a) For the purpose of raising money to pay all bonds issued under section 16 of this chapter and any interest on them, the principal of and interest on any outstanding bonds or obligations payable from taxes and assumed under section 33 of this chapter, and leases entered into under IC 8-22-3.6 that are payable in whole or in part from a property tax levy, the board shall levy each year a special tax upon all of the property, both real and personal, located within the district in a manner and in an amount to meet and pay the principal of the bonds as they severally mature, together with all interest accruing on them, and to pay lease rentals as they become due, after taking into account all other revenues pledged to the payment of the bonds or lease rentals.

(b) The board shall file the tax levied each year with the county auditor of the county in which the district is located under IC 6-1.1-17.

(c) The tax levied shall be collected and enforced by the treasurer of the county under IC 6-1.1, and as the tax is collected by the treasurer of the county it shall be paid over to the treasurer of the authority. The treasurer shall accumulate and keep the tax in a separate fund to be known as the "airport authority bond fund", which shall be applied to the payment of the bonds and the interest on them as they severally mature and to the payment of lease rentals and to no other purposes.

(d) The bonds issued under this chapter and the interest on them are exempt from taxation for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 33. IC 8-22-3-18.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 18.1. (a) The board may:

(1) finance capital improvements, including the acquisition of real estate;
(2) refund any bonds; or
(3) pay any loan contract;

by borrowing money and issuing revenue bonds from time to time under this section.

(b) The issuance of revenue bonds must be authorized by ordinance of the board in at least one (1) series, may bear a date or dates, may mature at a time or times not exceeding forty (40) years from their respective dates, may bear interest, may be in a denomination or denominations, may be in a form, either coupon or registered, may carry registration and conversion privileges, may be executed in a manner, may be payable in a medium of payment and at a place or places, may be subject to terms of redemption, with or without a premium, may be declared or become due before the maturity date, may provide for the replacement of mutilated, destroyed, stolen, or lost bonds, may be authenticated in a manner and upon compliance with conditions, and may contain other terms and covenants that the ordinance of the board provides. Notwithstanding the form or tenor of the bonds, and in the absence of express recitals on their faces that the bonds are nonnegotiable, the bonds are negotiable instruments.

(c) The issuance of revenue bonds must be approved as follows:

(1) When the authority is established by an eligible entity, by the entity's executive.
(2) When the authority is established by at least two (2) eligible entities acting jointly, by the executive of each of those entities.
(3) When the authority was established under IC 19-6-2 (before its repeal on April 1, 1980), by the executive of the consolidated city.
(4) When the authority was established under IC 19-6-3 (before its repeal on April 1, 1980), by the county fiscal body.

For purposes of this subsection, the entire legislative body of a town is considered the executive of the town.

(d) The bonds must be executed in the name of the authority by the president of the board and attested by the secretary, and interest coupons may be executed by placing on the interest coupons the facsimile signature of the president of the board. The bonds are valid and binding obligations of the authority for all purposes, notwithstanding that before delivery of the bonds any of the persons whose signatures appear on the bonds have ceased to be officers of the entity or authority, as if the persons had continued to be officers of the entity and authority until after delivery. The validity of the authorization and issuance of the bonds is not dependent on or affected in any way by proceedings taken for the improvement for which the bonds are to be issued, or by contracts made in connection with the improvement. An ordinance authorizing revenue bonds must provide that a revenue bond contain a recital that the bond is issued under this chapter, and a bond containing the recital under authority of an ordinance is considered valid and issued in conformity with this chapter.

(e) At the discretion of the board, the revenue bonds shall be sold either under the procedures for selling public bonds or at a negotiated sale. The bonds may be sold in installments at different times, or an entire issue or series may be sold or exchanged at one (1) time. Any issue or series of the bond may be sold in part or sold in part in installments at different times or at one (1) time.

(f) The bonds are special obligations of the authority and are payable solely from and secured by a lien upon the revenues of all or part of the facilities of the authority, as shall be more fully described in the ordinance of the board authorizing the issuance of the bonds, and, subject to the Constitution and to the prior or superior rights of any person, the board may by ordinance pledge and assign for the security of the bonds all or part of the gross or net revenues of the enterprise.

(g) All bonds of the same issue shall be equally and ratably secured, without priority by reason of number, date of bonds, of sale, of execution, or of delivery, by a lien upon the revenues in accordance with this section and the ordinance authorizing the issuance of the bonds.

(h) This chapter does not alter the rights granted to or the agreements made with the holders of any notes, bonds, or other obligations of the board outstanding on April 1, 1980.

(i) The bonds, and interest on the bonds, are not a debt of the authority or the board, nor a charge, a lien, or an encumbrance, legal or equitable, upon property of the board, or upon income, receipts, or revenues of the board other than those revenues of the facilities that have been pledged to the payment of the bonds. Every bond must recite in substance that the bond, including interest, is payable solely from the revenues pledged to the bond's payment, and that the board is under no obligation to pay the bond, except from those revenues.

(j) The bonds and the income from the bonds are exempt from taxation, except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

(k) In order that the payment of the revenue bonds and the interest on the bonds be adequately secured, the board and its officers, agents, and employees shall:

(1) pay or cause to be paid punctually the principal of every bond, and the interest on every bond, on the date or dates and at the place or places and in the manner and out of the funds mentioned in the bonds and in the attached coupons, in accordance with the ordinance authorizing their issuance;

(2) operate the facilities of the authority, the revenues of which are pledged to the bonds, in an efficient and economical manner and establish, levy, maintain, and collect fees, tolls, rentals, rates, and other charges that may be necessary or proper, which must be at least sufficient after making due and reasonable allowance for contingencies and for a margin of error in the estimates:

(A) to pay all current expenses of operation, maintenance, and repair of the facilities;

(B) to pay the interest on and principal of the bonds as the bonds become due and payable;

(C) to comply in all respects with the terms of the ordinance authorizing the issuance of bonds or any other contract or agreement with the holders of the bonds; and

(D) to meet any other obligations of the board that are charges, liens, or encumbrances upon the revenues of the facilities;

(3) operate and maintain the facilities and every part of the facilities in good working order and condition;

(4) preserve the security of the bonds and the rights of the holders, and warrant and defend the rights against all claims and demands of all persons;

(5) pay the lawful claims for labor, materials, and supplies, which, if unpaid, might by law become a lien or charge upon the revenues or part of the revenues, superior to the lien of the bonds, or that might impair the security of the bonds, to the end that the priority and security of the bonds be fully preserved;

(6) hold in trust the revenues pledged to the payment of the bonds for the benefit of the holders of the bonds and apply the revenues only as provided by the ordinance authorizing the issuance of the bonds or, if the ordinance is modified, as provided in the

ordinance as modified; and

(7) keep proper books of record and accounts of the facilities (separate from all other records and accounts) in which complete and correct entries are made of all transactions relating to the facilities or part of the facilities, the revenues of which are pledged and that, together with all other books and papers of the board, are at all times subject to the inspection of the holder or holders of not less than ten percent (10%) of the bonds then outstanding or the holder's or the holders' representative duly authorized in writing.

None of the duties in this subsection require the expenditure in any manner or for any purpose by the board of any funds other than revenues received or receivable from the enterprise or facilities.

(l) The board may insert provisions in an ordinance or a resolution authorizing the issuance of revenue bonds, which becomes a part of the contract with the holders of the revenue bonds, as to:

(1) limitations on the purpose to which the proceeds of sale of any issue of revenue bonds, or any notes, bonds, or other obligations payable from the revenues to finance the improving of the facilities may be applied;

(2) limitations on the issuance of additional bonds, or additional notes, bonds, or other obligations to finance the improving of the facilities, including liens;

(3) limitations on the right of the board to restrict and regulate the use of the facilities;

(4) the amount and kind of insurance to be maintained on the facilities and the use and disposition of insurance money;

(5) pledging all or part of the revenues of the facilities to which the board's right exists;

(6) covenanting against pledging all or part of the revenues of the facilities to which its right exists;

(7) events of default and terms and conditions upon which the bonds become or may be declared due before maturity and as to the terms and conditions upon which declaration and its consequences may be waived;

(8) the rights, liabilities, powers, and duties arising upon the breach by it of any covenants, conditions, or obligations;

(9) the vesting in a trust or trustees the right to enforce covenants made to secure, to pay, or in relation to the bonds, as to the powers and duties of the trustee or trustees, and the limitation of liabilities, and as to the terms and conditions upon which the holders of the bonds or any proportion or percentage of the

holders of the bonds may enforce any covenants made or duties imposed under this chapter;

(10) a procedure by which the terms of an ordinance authorizing revenue bonds, or any other contract with bondholders, such as an indenture of trust or similar instrument, may be amended or abrogated and as to the amount of bonds, the holders of which must consent to them and the manner in which such consent may be given;

(11) the execution of all instruments necessary or convenient in the exercise of the powers granted by this chapter or in the performance of the duties of the board and the officers, agents, and employees of them;

(12) refraining from pledging, claiming, or taking the benefit or advantage of any stay or extension law whenever enacted, which may affect the duties or covenants of the board in relation to the bonds, or the performance or the lien of the bonds;

(13) the purchase out of funds available, including the proceeds of revenue bonds, of outstanding notes, bonds, or obligations and the price or prices at which and the manner in which purchases may be made; and

(14) other acts and things that may be necessary, convenient, or desirable in order to secure the bonds, or that may tend to make the bonds more marketable.

This section does not authorize the board to make covenants, to perform an act, or to do anything that requires the expenditure by the board of funds other than revenues received or receivable from the facilities.

(m) In the event that the board defaults in the payment of the principal or interest on any of the revenue bonds after the bonds become due, whether at maturity or upon call for redemption, and the default continues for a period of thirty (30) days, or in the event that the board or the board's officers, agents, or employees fail or refuse to comply with this chapter or default in an agreement made with the holders of the bonds, any holder or holders of revenue bonds, or a trustee for the holder or holders of the bonds, has the right to apply in an appropriate judicial proceeding to the circuit or superior court of the county in which the district is situated, in which the facilities are located, or in any court of competent jurisdiction, for the appointment of a receiver of the facilities, whether or not the holder, holders, or trustee is seeking or has sought to enforce any other right or to exercise any remedy in connection with the bonds. Upon application, the circuit or superior court may appoint, and if the application is made by the holders of twenty-five percent (25%) in principal amount of the bonds then outstanding or by a trustee for holders of the bonds in that amount shall appoint, a receiver for the enterprise.

(n) The receiver appointed shall, directly or by the receiver's agents and attorneys, enter into and upon and take possession of the facilities, the revenues of which are pledged, and every part of the facilities, and may exclude the board, the board's officers, agents, and employees, and all persons claiming under them. The receiver may have, hold, use, operate, manage, and control the facilities in the name of the board or otherwise, as the receiver considers best, and may exercise all rights and powers of the board with respect to the facilities as the board itself might do. The receiver shall maintain, restore, and insure the facilities, shall make all necessary repairs, shall establish, levy, maintain, and collect fees, tolls, rentals, and other charges in connection with the facilities that the receiver considers necessary or proper and reasonable, and shall collect and receive all revenues, deposit the revenues in a separate account, and apply the revenues in the manner that the court directs.

(o) Whenever all that is due upon the revenue bonds and interest on the bonds, and upon other notes, bonds, or other obligations, and interest on the notes, bonds, or obligations, having a charge, lien, or encumbrance on the revenues of the facilities and under the terms of covenants or agreements with bondholders has been paid or deposited, and all defaults have been cured and made good, the court may in its discretion, and after notice and hearing that the court considers reasonable and proper, direct the receiver to surrender possession of the facilities to the board, with the right of the holders of the bonds to secure the appointment of a receiver upon subsequent default remaining in force.

(p) The receiver shall act under the direction and supervision of the court making the appointment and is at all times subject to the orders and decrees of the court, including possible removal. Nothing contained in this section limits or restricts the jurisdiction of the court to enter other or further orders and decrees as the court considers necessary or appropriate for the exercise by the receiver of functions specifically set forth.

(q) Subject to contractual limitations binding upon the holders or a trustee of an issue of revenue bonds, including but not limited to the restrictions of the exercise of a remedy to a specified proportion or percentage of the holders, a holder or trustee of the bonds may, for the equal benefit and protection of all holders of revenue bonds similarly situated:

(1) by mandamus or other suit, action, or proceeding at law or in equity enforce rights against the board and any of the board's officers, agents, and employees and require and compel the board or the board's officers, agents, or employees to perform and carry out duties and obligations under this chapter and covenant agreements with bondholders;

(2) by action or suit in equity require the board to account as if the board were the trustee of an express trust;

(3) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the bondholders; or

(4) bring suit upon the bonds.

No remedy conferred by this chapter upon a holder or trustee of revenue bonds is intended to be exclusive of any other remedy, but each remedy is in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by this chapter or by any other law. No waiver of a default or breach of duty or contract, whether by a holder or trustee of revenue bonds extends to or affects a subsequent default or breach of duty or contract or impairs any rights or remedies on them. No delay or omission of a bondholder or trustee extends to or affects a subsequent default or breach of duty or contract or impairs any rights or remedies. No delay or omission of a bondholder or trustee to exercise a right or power accruing upon default impairs the right or power or may be construed to be a waiver of the default or acquiescence in it. Every substantive right and every remedy conferred upon the holders of revenue bonds may be enforced and exercised from time to time and as often as is expedient. In case any suit, action, or proceeding to enforce a right or exercise a remedy is brought or taken and then discontinued or abandoned, or is determined adversely to the holder or trustee of the revenue bonds, then the board and the holder or trustee shall be restored to their former positions and rights and remedies as if no suit, action, or proceeding had been brought or taken.

(r) Refunding or refunding and improvement revenue bonds may be issued in accordance with the provisions for the refinancing or refinancing and improving of any of the facilities for which revenue bonds or a loan contract have been issued or made under this section or section 19 of this chapter.

(s) This section constitutes full authority for the issuance of revenue bonds. No procedure, proceedings, publications, notices, consents, approvals, orders, acts, or things by the board, by a board, an officer, a commission, a department, an agency, or an instrumentality of the state, or by an eligible entity ~~is~~ **are** required to issue revenue bonds or to do any act or perform anything under this chapter, except as presented by this chapter. The powers conferred by this chapter are in addition to, and not in substitution for, and the limitations imposed by this section do not affect, the powers conferred in another section of this chapter or by any other statute.

SECTION 34. IC 8-22-3.7-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 21. (a) All:

(1) property owned by the development authority;
(2) revenues of the development authority; and
(3) bonds issued by the development authority, the interest on the bonds, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of interest in proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

(b) All securities issued under this chapter are exempt from the registration requirements of IC 23-2-1 and other securities registration statutes.

SECTION 35. IC 14-13-1-38 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 38. (a) The commission is not required to pay any taxes or assessments upon any of the following:

(1) A project of the commission.
(2) A facility, betterment, or improvement within a project.
(3) Property acquired or used by the commission under this chapter or IC 14-6-29 (before its repeal).
(4) The income or revenue from the property.

(b) The:

(1) bonds issued under this chapter or under IC 14-6-29 (before its repeal);
(2) interest on the bonds;
(3) proceeds received by a holder from the sale of the bonds to the extent of the holder's cost of acquisition;
(4) proceeds received upon redemption before maturity or proceeds received at maturity; and
(5) receipt of interest and proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 36. IC 14-13-2-28 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 28. (a) The commission is not required to pay any taxes or assessments upon any of the following:

(1) A project of the commission.
(2) A facility, a betterment, or an improvement within a project.
(3) Property acquired or used by the commission under this chapter or under IC 14-6-29.5 (before its repeal).
(4) The income or revenue from the property.

(b) The:

(1) bonds issued under this chapter or under IC 14-6-29.5 (before its repeal);
(2) interest on the bonds;
(3) proceeds received by a holder from the sale of the bonds to the extent of the holder's cost of acquisition;
(4) proceeds received upon redemption before maturity or proceeds received at maturity; and
(5) receipt of interest and proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 37. IC 14-14-1-46 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 46. (a) The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of Indiana and for the increase of their commerce, health, enjoyment, and prosperity. The operation and maintenance of a park project by the commission will constitute the performance of essential governmental functions.

(b) The commission is not required to pay taxes or assessments upon a park project or property acquired or used by the commission under this chapter or IC 14-3-12 (before its repeal) or upon the income from the property. The following are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1:

(1) Bonds issued under this chapter or under IC 14-3-12 (before its repeal).
(2) Interest on the bonds.
(3) Proceeds:
    (A) received by a holder from the sale of bonds to the extent of the holder's cost of acquisition;
    (B) received upon redemption before maturity; or
    (C) received at maturity.
(4) Receipt of the interest and proceeds.

SECTION 38. IC 15-1.5-9-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 9. Interest paid on bonds issued under this chapter is exempt from taxation for all purposes, except ~~an inheritance~~ **a** tax under IC 6-4.1 and for determining financial institution tax liabilities under IC 6-5.5.

SECTION 39. IC 16-22-6-34 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 34. The following are exempt from state taxation except for the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1:

(1) Property owned by the authority.
(2) Revenues of the authority.
(3) Bonds or other securities and the interest on bonds and securities issued by the authority.
(4) Proceeds received by a holder from the sale of the bonds, to the extent of the holder's cost of acquisition.
(5) Proceeds received upon redemption at or before maturity and the interest on the proceeds.

SECTION 40. IC 16-22-7-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 39. The following are exempt from state taxation except the financial institutions tax **imposed under IC 6-5.5** and the ~~state inheritance tax:~~ **taxes imposed under IC 6-4.1:**

(1) All property owned by the authority.
(2) All revenues of the authority.
(3) All bonds or other securities issued by the authority and the interest on the bonds or other securities, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption at or before maturity, and the interest on the proceeds.

SECTION 41. IC 20-12-63-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 27. The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare, and prosperity, and for the improvement of their health and living conditions. Because the operation and maintenance of a project by the authority or its agent will constitute the performance of an essential public function, neither the authority nor its agent shall be required to pay any taxes or assessments, including mortgage recording taxes, upon or in respect of:

(1) a project or any property acquired or used by the authority or its agent under the provisions of this chapter or upon the income

from the project or property;
(2) the bonds issued under the provisions of this chapter or the interest on those bonds; and
(3) the proceeds received from bonds issued under this chapter:
(A) by a holder from the sale of such bonds, to the extent of the holder's cost of acquisition;
(B) upon redemption prior to maturity; or
(C) at maturity.

All bonds and the interest on bonds issued under this chapter are exempt from taxation in the state of Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 42. IC 21-9-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. An individual account is not an asset for the purposes of IC 6-4.1-2 **(repealed July 1, 2004).**

SECTION 43. IC 27-1-29-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 17. (a) As used in this section:
(1) "basic fund" refers to the political subdivision risk management fund established by this chapter; and
(2) "catastrophic fund" refers to the political subdivision catastrophic liability fund established by IC 27-1-29.1.

(b) The commission may issue its bonds or notes in amounts that it considers necessary to provide funds to:
(1) establish or maintain the reserve account in the catastrophic fund provided for in IC 27-1-29.1-8;
(2) provide for the payment of liabilities payable out of the basic fund to the extent such liabilities exceed the money in the basic fund; and
(3) pay, fund, or refund, regardless of when due, the principal of or interest or redemption premiums on bonds or notes issued under subdivision (1) or (2).

Bonds or notes issued under subdivision (2) must mature within three (3) years after their date of issuance.

(c) The bonds or notes of the commission may be issued and sold by the commission to the Indiana bond bank under IC 5-1.5.

(d) Every issue of bonds or notes is an obligation of the commission. An issue of bonds or notes under subsection (b)(1) is payable solely from assessments imposed by the commission under IC 27-1-29.1 on political subdivisions that are members of the catastrophic fund, and the commission may secure such bonds or notes by a pledge of assessments imposed under IC 27-1-29.1. An issue of bonds or notes under subsection (b)(2) is payable solely from assessments imposed by the commission under section 12 of this chapter on political subdivisions that are members of the basic fund, and the commission may secure such bonds or notes by a pledge of assessments imposed under section 12 of this chapter.

(e) A bond or note of the commission:

(1) is not a debt, liability, loan of credit, or pledge of the faith and credit of the state; and

(2) must contain on its face a statement that the commission is obligated to pay principal and interest, and the redemption premium, if any, and that the faith, credit, and taxing power of the state are not pledged to the payment of the bond or note.

(f) The state pledges to and agrees with the holders of the bonds or notes issued under this chapter that the state will not:

(1) limit or restrict the rights vested in the commission to fulfill the terms of any agreement made with the holders of its bonds or notes; or

(2) in any way impair the rights or remedies of the holders of the bonds or notes;

until the bonds or notes, together with the interest on the bonds or notes, and interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met, paid, and discharged.

(g) The bonds or notes of the commission are negotiable instruments for all purposes of IC 26-1, subject only to the provisions of the bonds and notes for registration.

(h) Bonds or notes of the commission must be authorized by resolution of the commission, may be issued in one (1) or more series, and must:

(1) bear the date;

(2) mature at the time or times;

(3) be in the denomination;

(4) be in the form;

(5) carry the conversion or registration privileges;

(6) have the rank or priority;

(7) be executed in the manner;

(8) be payable from the sources in the medium of payment at the place inside or outside the state; and

(9) be subject to the terms of redemption;

as the resolution of the commission or the trust agreement securing the bonds or notes provides.

(i) Bonds or notes may be issued under this chapter without obtaining the consent of any agency of the state and without any other proceeding or condition other than the proceedings or conditions specified in this chapter.

(j) The rate or rates of interest on the bonds or notes may be fixed or variable. Variable rates shall be determined in the manner and in accordance with the procedures set forth in the resolution authorizing the issuance of the bonds or notes. Bonds or notes bearing a variable rate of interest may be converted to bonds or notes bearing a fixed rate or rates of interest, and bonds or notes bearing a fixed rate or rates of interest may be converted to bonds or notes bearing a variable rate of interest, to the extent and in the manner set forth in the resolution pursuant to which the bonds or notes are issued. The interest on bonds or notes may be payable semiannually or annually or at any other interval or intervals as may be provided in the resolution, or the interest may be compounded and paid at maturity or at any other times as may be specified in the resolution.

(k) The bonds or notes may be made subject, at the option of the holders, to mandatory redemption by the commission at the times and under the circumstances set forth in the authorizing resolution.

(l) Bonds or notes of the commission may be sold at public or private sale at such price, either above or below the principal amount, as the commission fixes. If bonds or notes of the commission are to be sold at public sale, the commission shall comply with IC 5-1-11 and shall publish notice of the sale in accordance with IC 5-3-1-2 in two (2) newspapers published and of general circulation in Indianapolis.

(m) The commission may periodically issue its notes under this chapter and pay and retire the principal of the notes, pay the interest due on the notes, or fund or refund the notes from proceeds of bonds or of other notes or from other funds or money of the commission available for that purpose in accordance with a contract between the commission and the holders of the notes.

(n) The commission may secure any bonds or notes issued under this chapter by a trust agreement by and between the commission and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or outside Indiana.

(o) The trust agreement or the resolution providing for the issuance of the bonds or notes may contain provisions for protecting and enforcing the rights and remedies of the holders of any such bonds or notes as are reasonable and proper and not in violation of law.

(p) The trust agreement or resolution may set forth the rights and remedies of the holders of any bonds or notes and of the trustee and may restrict the individual right of action by the holders.

(q) In addition to the provisions of subsections (n) through (p), any trust agreement or resolution may contain other provisions the commission considers reasonable and proper for the security of the holders of any bonds or notes.

(r) All expenses incurred in carrying out the provisions of the trust agreement or resolution may be paid from assessments, revenues, or assets pledged or assigned to the payment of the principal of and the interest on bonds and notes or from any other funds available to the commission.

(s) Notwithstanding the restrictions of any other law, all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees, and other fiduciaries may legally invest sinking funds, money, or other funds belonging to them or within their control in bonds or notes issued under this chapter.

(t) All bonds or notes issued under this chapter are issued by a body corporate and politic of this state, but not a state agency, and for an essential public and government purpose and the bonds and notes, the interest thereon, the proceeds received by a holder from the sale of the bonds or notes to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, and proceeds received at maturity, and the receipt of the interest and proceeds are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 44. IC 28-5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. If any certificate holder of any industrial loan and investment company shall die, leaving unpledged certificates in such company and no executor of his will or administrator of his estate has been appointed, such company, upon receiving a waiver from the inheritance tax administrator **(or, after the elimination of the office of inheritance tax administrator, from the department of state revenue)** under IC 6-4.1, may, in its discretion, pay the value of such certificates to the widow, widower, or next of kin, or may apply the value of such certificates to the payment of funeral expenses or the expenses of the last sickness or other just debts of the decedent. As a condition of such payment, such company shall require proof by affidavit as to the parties in interest and shall also require the filing of proper waivers and the execution of a bond of indemnity with proper sureties from the parties interested, and a proper acquittance and receipt for such payment by the person to whom such payment is made shall fully release the company, and such company shall not thereafter be held liable to the decedent's executor or administrator thereafter appointed, or to any other person.

SECTION 45. IC 29-1-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. The definitions and rules of construction appearing in this section apply throughout this article, unless otherwise apparent from the context.

"Child" includes an adopted child but does not include a grandchild or other more remote descendants, nor, except as provided in IC 29-1-2-5, a child born out of wedlock.

"Claims" includes liabilities of a decedent which survive, whether arising in contract or in tort or otherwise, funeral expenses, the expense of a tombstone, expenses of administration, and all ~~inheritance~~ taxes imposed under IC 6-4.1.

"Court" means the court having probate jurisdiction.

"Decedent" means one who dies testate or intestate.

"Devise" or "legacy", when used as a noun, means a testamentary disposition of either real or personal property or both.

"Devise", when used as a verb, means to dispose of either real or personal property or both by will.

"Devisee" includes legatee, and "legatee" includes devisee.

"Distributee" denotes those persons who are entitled to the real and personal property of a decedent under a will, under the statutes of intestate succession, or under IC 29-1-4-1.

"Estate" denotes the real and personal property of the decedent or protected person, as from time to time changed in form by sale, reinvestment, or otherwise, and augmented by any accretions and additions thereto and substitutions therefor and diminished by any decreases and distributions therefrom.

"Fiduciary" includes a:

(1) personal representative;
(2) guardian;
(3) conservator;
(4) trustee; and
(5) person designated in a protective order to act on behalf of a protected person.

"Heirs" denotes those persons, including the surviving spouse, who are entitled under the statutes of intestate succession to the real and personal property of a decedent on the decedent's death intestate, unless otherwise defined or limited by the will.

"Incapacitated" has the meaning set forth in IC 29-3-1-7.5.

"Interested persons" means heirs, devisees, spouses, creditors, or any others having a property right in or claim against the estate of a decedent being administered. This meaning may vary at different stages and different parts of a proceeding and must be determined according to the particular purpose and matter involved.

"Issue" of a person, when used to refer to persons who take by intestate succession, includes all lawful lineal descendants except those who are lineal descendants of living lineal descendants of the intestate.

"Lease" includes an oil and gas lease or other mineral lease.

"Letters" includes letters testamentary, letters of administration, and letters of guardianship.

"Minor" or "minor child" or "minority" refers to any person under the age of eighteen (18) years.

"Mortgage" includes deed of trust, vendor's lien, and chattel mortgage.

"Net estate" refers to the real and personal property of a decedent exclusive of the allowances provided under IC 29-1-4-1 and enforceable claims against the estate.

"Person" includes natural persons and corporations.

"Personal property" includes interests in goods, money, choses in action, evidences of debt, and chattels real.

"Personal representative" includes executor, administrator, administrator with the will annexed, administrator de bonis non, and special administrator.

"Property" includes both real and personal property.

"Protected person" has the meaning set forth in IC 29-3-1-13.

"Real property" includes estates and interests in land, corporeal or incorporeal, legal or equitable, other than chattels real.

"Will" includes all wills, testaments, and codicils. The term also includes a testamentary instrument which merely appoints an executor or revokes or revives another will.

The singular number includes the plural and the plural number includes the singular.

The masculine gender includes the feminine and neuter.

SECTION 46. IC 29-1-17-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 14. (a) If, after an estate has been settled and the personal representative discharged, other property of the estate shall be discovered, or if it shall appear that any necessary act remains unperformed on the part of the personal representative, or for any other proper cause, the court, upon the petition of the discharged personal representative or any person interested in the estate and, without notice or upon such notice as it may direct, may order that said estate be reopened. It may reappoint the personal representative or appoint another personal representative to administer such property or perform such act as may be deemed necessary. Unless the court shall otherwise order, the provisions of this article as to an original administration shall apply to the proceedings had in the reopened administration so far as may be, but no claim which is already barred can be asserted in the reopened administration.

(b) Whenever any solvent estate has been closed, and it thereafter appears that any assets thereof have not been fully administered upon, the court may, if it appears practicable, order such assets distributed to, or title vested in, the persons entitled thereto after compliance with requirements as to ~~an inheritance~~ **a** tax imposed under IC 6-4.1, in lieu of reopening the estate as provided in the preceding subsection. No additional notice of such proceedings shall be necessary unless so ordered by the court.

SECTION 47. IC 29-1-17-15.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 15.1. (a) Whenever any person has died leaving property or any interest therein and no general administration has been commenced on his estate in this state, nor has any will been offered for probate in this state, within five (5) months after his death, any person claiming an interest in such property as heir or through an heir may file a petition in any court which would be of proper venue for the administration of such decedent's estate, to determine the heirs of said decedent and their respective interests as heirs in the estate.

(b) The petition shall state:

(1) the name, age, domicile and date of death of the decedent;
(2) the names, ages and residence addresses of the heirs, so far as known or can with reasonable diligence be ascertained;
(3) the names and residence addresses of any persons claiming any interest in such property through an heir, so far as known or can by reasonable diligence be ascertained;
(4) a particular description of the property with respect to which such determination is sought; **and**
(5) the net value of the estate.

(c) Upon the filing of the petition, the court shall fix the time for the hearing thereof, notice of which shall be given to:

(1) all persons known or believed to claim any interest in the property as heir or through an heir of the decedent;
(2) all persons who may at the date of the filing of the petition be shown by the records of conveyances of the county in which any real property described in such petition is located to claim any interest therein through the heirs of the decedent; and

(3) any unknown heirs of the decedent.

Such notice shall be given by publication and in addition, personal notice by registered mail shall be given to every such person whose address is known to the petitioner. Upon satisfactory proofs, including proof of compliance with ~~inheritance~~ **the** tax laws ~~of this state~~ **set forth in IC 6-4.1,** the court shall make a decree determining the heirs of said decedent and their respective interests as heirs in said property.

(d) A certified copy of the decree shall be recorded at the expense of the petitioner in each county in which any real property described therein is situated except the county in which the decree is entered, and shall be conclusive evidence of the facts determined therein as against all parties to the proceedings.

SECTION 48. IC 29-3-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. Except as otherwise determined in a dissolution of marriage proceeding, a custody proceeding, or in some other proceeding authorized by law, including a proceeding under section 6 of this chapter or another proceeding under this article, and unless a minor is married, the parents of the minor jointly (or the survivor if one (1) parent is deceased), if not an incapacitated person, have, without the appointment of a guardian, giving of bond, or order or confirmation of court, the right to custody of the person of the minor and the power to execute the following on behalf of the minor:

(1) Consent to the application of subsection (c) of Section 2032A of the Internal Revenue Code, which imposes personal liability for payment of the tax under that Section.

(2) Consent to the application of Section 6324A of the Internal Revenue Code, which attaches a lien to property to secure payment of taxes deferred under Section 6166 of the Internal Revenue Code.

(3) Any other consents, waivers, or powers of attorney provided for under the Internal Revenue Code.

(4) Waivers of notice permissible with reference to proceedings under IC 29-1.

(5) Consents, waivers of notice, or powers of attorney under any statute, including the ~~Indiana inheritance~~ tax ~~law (IC 6-4.1),~~ **laws set forth in IC 6-4.1,** the Indiana gross income tax law (IC 6-2.1), and the Indiana adjusted gross income tax law (IC 6-3).

(6) Consent to unsupervised administration as provided in IC 29-1-7.5.

(7) Federal and state income tax returns.

(8) Consent to medical or other professional care, treatment, or

advice for the minor's health and welfare.

SECTION 49. IC 30-4-1-2, AS AMENDED BY P.L.41-2000, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. As used in this article:

(1) "Adult" means any person eighteen (18) years of age or older.

(2) "Affiliate" means a parent, descendant, spouse, spouse of a descendant, brother, sister, spouse of a brother or sister, employee, director, officer, partner, joint venturer, a corporation subject to common control with the trustee, a shareholder, or corporation who controls the trustee or a corporation controlled by the trustee other than as a fiduciary.

(3) "Beneficiary" means any cestui que trust or person named or a member of the class designated in the terms of the trust to be any person or class of persons for whose benefit the title to the trust property is held and for whom the trust is to be administered.

(4) "Breach of trust" means a violation by the trustee of any duty which is owed to the settlor or beneficiary.

(5) "Charitable trust" means a trust in which all the beneficiaries are the general public or organizations, including trusts, corporations, and associations, and that is organized and operated wholly for religious, charitable, scientific, public safety testing, literary, or educational purposes. The term does not include charitable remainder trusts, charitable lead trusts, pooled income funds, or any other form of split-interest charitable trust that has at least one (1) noncharitable beneficiary.

(6) "Court" means a court having jurisdiction over trust matters.

(7) "Income beneficiary" means a beneficiary to whom income is presently payable or for whom it is accumulated for distribution as income.

(8) "Inventory value" means the cost of property to the settlor or the trustee at the time of acquisition or the market value of the property at the time it is delivered to the trustee, or the value of the property as finally determined for purposes of ~~an estate or inheritance~~ **a** tax **law set forth in IC 6-4.1.**

(9) "Minor" means any person under the age of eighteen (18) years.

(10) "Person" means a natural person, corporation, or a unit, agency, or other subdivision of national, state, or local government.

(11) "Personal representative" means an executor or administrator of a decedent's or absentee's estate, guardian of the person or estate, guardian ad litem or other court appointed representative,

next friend, parent or custodian of a minor, attorney in fact, or custodian of an incapacitated person (as defined in IC 29-3-1-7.5).

(12) "Remainderman" means a beneficiary entitled to principal, including income which has been accumulated and added to the principal.

(13) "Settlor" means a person who establishes a trust including the testator of a will under which a trust is created.

(14) "Trust estate" means the trust property and the income derived from its use.

(15) "Trust for a benevolent public purpose" means a charitable trust (as defined in subdivision (5)), a split-interest trust (as defined in Section 4947 of the Internal Revenue Code), and any other form of split-interest charitable trust that has both charitable and noncharitable beneficiaries, including but not limited to charitable remainder trusts, charitable lead trusts, and charitable pooled income funds.

(16) "Trust property" means property either placed in trust or purchased or otherwise acquired by the trustee for the trust regardless of whether the trust property is titled in the name of the trustee or the name of the trust.

(17) "Trustee" means the person who is charged with the responsibility of administering the trust and includes a successor or added trustee.

SECTION 50. IC 30-4-5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. (a) The following charges shall be made against income:

(1) Ordinary expenses incurred in the administration, management, or preservation of the trust property, including but not limited to regularly recurring taxes assessed against any portion of the principal, water rates, premiums on insurance taken upon the interests of the income beneficiary, remainderman, or trustee, interest paid by the trustee, and ordinary repairs.

(2) A reasonable allowance for depreciation on property subject to depreciation under generally accepted accounting principles, but no allowance may be made for depreciation of that portion of any real property used by a beneficiary as a residence or for depreciation of any property held by the trustee on September 2, 1971, for which ~~he~~ **the trustee** is not then making an allowance for depreciation.

(3) Fifty percent (50%) of court costs, attorney's fees, and other fees on periodic judicial accounting, unless the court directs

otherwise.

(4) Court costs, attorney's fees, and other fees on other accountings or judicial proceedings if the matter primarily concerns the income interest unless the court directs otherwise.

(5) Fifty percent (50%) of the trustee's regular compensation and fifty percent (50%) of the fee of an agent of the trustee charged in lieu of all or part of the trustee's regular compensation, whether based on a percentage of principal or income, and all expenses reasonably incurred by ~~him~~ **the trustee** for current management of principal and application of income.

(6) Any tax levied upon receipts defined as income under this article or the trust instrument and payable by the trustee.

(b) If charges against income are of unusual amount, the trustee may, by means of reserves or other reasonable means, charge them over a reasonable period of time and withhold from distribution sufficient sums to regularize distributions.

(c) The following charges shall be made against principal:

(1) Compensation of the trustee and an agent of the trustee not chargeable to income under subsection (a)(4) and (a)(5), special compensation of the trustee and an agent of the trustee, expenses reasonably incurred in connection with principal, the court costs and attorney's fees primarily concerning matters of principal, and the compensation of the trustee and an agent of the trustee computed on the principal as an acceptance, distribution, or termination fee. However, if in the judgment of the trustee the charging of all or part of the compensation to the principal is impracticable because of the lack of sufficient principal cash and readily marketable intangible personal property or inadvisable because of the nature of the assets, all or part of the compensation may be paid out of income. The decision of the trustee to pay a larger portion or all of the compensation out of income is conclusive, and the income of the trust is not entitled to reimbursement from the principal at any subsequent time.

(2) Charges not provided for in subsection (a), including the cost of investing and reinvesting principal, the payments on principal of an indebtedness (including a mortgage amortized by periodic payments or principal), expenses for preparation of property for rental or sale, and, unless the court directs otherwise, expenses incurred in maintaining or defending any action to construe the trust or protect it or the property or assure the title of any trust property.

(3) Extraordinary repairs or expenses incurred in making a capital

improvement to principal, including special assessments, but a trustee may establish an allowance for depreciation out of income to the extent permitted by subsection (a)(2) of this section and by sections 6 and 7 of this chapter.

(4) Any tax levied upon profit, gain, or other receipts allocated to principal notwithstanding characterization of the tax as an income tax by the taxing authority.

(5) If ~~an estate or inheritance~~ **a** tax is levied **under IC 6-4.1** in respect to a trust in which both an income beneficiary and a remainderman have an interest, any amount apportioned to the trust, including interest and penalties, even though the income beneficiary also has rights in the principal.

(d) Regularly recurring charges payable from income shall be apportioned to the same extent and in the same manner that income is apportioned under section 3 of this chapter.

SECTION 51. IC 33-19-5-6, AS AMENDED BY P.L.183-2001, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. (a) Except as provided under subsection (c), for each action filed under:

(1) IC 6-4.1-5 (determination of inheritance tax, **based on a cause of action arising before the repeal of IC 6-4.1-5);**

(2) IC 29 (probate); and

(3) IC 30 (trusts and fiduciaries);

the clerk shall collect from the party filing the action a probate costs fee of one hundred twenty dollars ($120).

(b) In addition to the probate costs fee collected under this section, the clerk shall collect from the party filing the action the following fees if they are required under IC 33-19-6:

(1) A document fee.

(2) A judicial salaries fee (IC 33-19-6-18).

(3) A document storage fee (IC 33-19-6-18.1).

(4) An automated record keeping fee (IC 33-19-6-19).

(c) A clerk may not collect a court costs fee for the filing of the following exempted actions:

(1) Petition to open a safety deposit box.

(2) Filing an inheritance tax return **(where a return is due before the repeal of IC 6-4.1-2),** unless proceedings other than the court's approval of the return become necessary.

(3) Offering a will for probate under IC 29-1-7, unless proceedings other than admitting the will to probate become necessary.

SECTION 52. IC 34-24-1-5 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. (a) If:

(1) the court has entered judgment in favor of the state, and a unit (if appropriate) concerning property that is subject to seizure under this chapter; and

(2) a person:

(A) holding a valid lien, mortgage, security interest, or interest under a conditional sales contract; or

(B) who is a co-owner of the property;

did not know of the illegal use;

the court shall determine whether the secured interest or the co-owner's interest is equal to or in excess of the appraised value of the property.

(b) Appraised value is to be determined as of the date of judgment on a wholesale basis by:

(1) agreement between the secured party or the co-owner and the prosecuting attorney; or

(2) the inheritance tax appraiser for the county in which the action is brought **(before the elimination of the office of inheritance tax appraiser).**

(c) If the amount:

(1) due to the secured party; or

(2) of the co-owner's interest;

is equal to or greater than the appraised value of the property, the court shall order the property released to the secured party or the co-owner.

(d) If the amount:

(1) due the secured party; or

(2) of the co-owner's interest;

is less than the appraised value of the property, the holder of the interest or the co-owner may pay into the court an amount equal to the owner's equity, which shall be the difference between the appraised value and the amount of the lien, mortgage, security interest, interest under a conditional sales contract, or co-owner's interest. Upon such payment, the state or unit, or both, shall relinquish all claims to the property, and the court shall order the payment deposited as provided in section 4(d) of this chapter.

(e) If the seized property is a vehicle and if the security holder or the co-owner elects not to make payment as stated in subsection (d), the vehicle shall be disposed of in accordance with section 4(c) of this chapter.

SECTION 53. IC 34-24-2-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. (a) If a person holding a valid lien, mortgage, security interest, or interest under a conditional sales contract did not know the property was the object of corrupt business influence, the court shall determine whether the secured interest is equal to or in excess of the appraised value of the property.

(b) Appraised value is to be determined as of the date of judgment on a wholesale basis by:

(1) agreement between the secured party and the prosecuting attorney; or

(2) the inheritance tax appraiser for the county in which the action is brought **(before the elimination of the office of inheritance tax appraiser).**

(c) If the amount due to the secured party is equal to or greater than the appraised value of the property, the court shall order the property released to the secured party.

(d) If the amount due the secured party is less than the appraised value of the property, the holder of the interest may pay into the court an amount equal to the owner's equity, which shall be the difference between the appraised value and the amount of the lien, mortgage, security interest, or interest under a conditional sales contract. Upon payment, the state or unit, or both, shall relinquish all claims to the property.

SECTION 54. IC 36-7-14.5-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 23. All:

(1) property owned by the authority;

(2) revenues of the authority; and

(3) bonds issued by the authority, the interest on the bonds, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of interest in proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 55. IC 36-7-15.3-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 19. All:

(1) property owned by the authority;

(2) revenues of the authority; and

(3) bonds issued by the authority, the interest on the bonds, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of interest in proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 56. IC 36-7-23-48 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 48. All property, both tangible and intangible, acquired or held by the authority under this chapter is public property used for public and governmental purposes. All the property, along with the income from the property, is exempt from all taxes imposed by the state or a political subdivision, except for the financial institutions tax imposed under IC 6-5.5 or ~~a state inheritance~~ **the estate** tax imposed under IC 6-4.1.

SECTION 57. IC 36-9-3-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 31. (a) This section applies to an authority that includes a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(b) The authority may issue revenue or general obligation bonds under this section.

(c) The board may issue revenue bonds of the authority for the purpose of procuring money to pay the cost of acquiring real or personal property for the purpose of this chapter. The issuance of bonds must be authorized by resolution of the board and approved by the county fiscal bodies of the counties in the authority before issuance. The resolution must provide for the amount, terms, and tenor of the bonds, and for the time and character of notice and mode of making sale of the bonds.

(d) The bonds are payable at the times and places determined by the board, but they may not run more than thirty (30) years after the date of their issuance and must be executed in the name of the authority by an authorized officer of the board and attested by the secretary. The interest coupons attached to the bonds may be executed by placing on them the facsimile signature of the authorized officer of the board.

(e) The president of the authority shall manage and supervise the preparation, advertisement, and sale of the bonds, subject to the authorizing ordinance. Before the sale of bonds, the president shall cause notice of the sale to be published in accordance with IC 5-3-1, setting out the time and place where bids will be received, the amount and maturity dates of the issue, the maximum interest rate, and the terms and conditions of sale and delivery of the bonds. The bonds shall be sold in accordance with IC 5-1-11. After the bonds have been properly sold and executed, the executive director or president shall deliver them to the controller of the authority and take his receipt for them, and shall certify to the treasurer the amount that the purchaser is to pay, together with the name and address of the purchaser. On payment of the purchase price the controller shall deliver the bonds to the purchaser, and the controller and executive director or president shall report their actions to the board.

(f) General obligation bonds issued under this section are subject to the provisions of IC 5-1 and IC 6-1.1-20 relating to the filing of a petition requesting the issuance of bonds, the appropriation of the proceeds of bonds, the right of taxpayers to appeal and be heard on the proposed appropriation, the approval of the appropriation by the state board of tax commissioners, the right of taxpayers to remonstrate against the issuance of bonds, and the sale of bonds for not less than their par value.

(g) Notice of the filing of a petition requesting the issuance of bonds, notice of determination to issue bonds, and notice of the appropriation of the proceeds of the bonds shall be given by posting in the offices of the authority for a period of one (1) week and by publication in accordance with IC 5-3-1.

(h) The bonds are not a corporate indebtedness of any unit, but are an indebtedness of the authority as a municipal corporation. A suit to question the validity of the bonds issued or to prevent their issuance may not be instituted after the date set for sale of the bonds, and after that date the bonds may not be contested for any cause.

(i) The bonds issued under this section and the interest on them are exempt from taxation for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 58. IC 36-9-25-27 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 27. (a) To raise money to pay for the property and the construction, and in anticipation of the special tax to be levied as provided in sections 19 and 29 of this chapter, the board may have issued, in the name of the municipality, the bonds of the district. The bonds may not exceed in amount the estimated cost of all land, rights-of-way, and other property to be acquired and the estimated cost of all construction as provided in the resolution, including all expenses necessarily incurred in connection with the proceedings, together with a sum sufficient to pay the cost of supervision and inspection during the period of construction. The expenses to be covered by the bond issue include all expenses of every kind actually incurred preliminary to acquisition of the property and the construction of the work, such as the cost of necessary records, engineering expenses, publication of notices, salaries, and other expenses.

(b) If different parcels of land are to be acquired, or if more than one (1) contract for work is let by the board at approximately the same time, whether under one (1) or more resolutions of the board, the estimated cost may be combined in one (1) bond issue. The bonds shall be issued in denominations of at least one thousand dollars ($1,000) each and shall have a final maturity of not later than fifty (50) years from the date of issue. The bonds are negotiable unless registered, but may be made registrable for principal only or principal and interest. The bonds may be made redeemable before the stated maturities on terms and conditions and at the premiums that the board determines in the resolution authorizing the issuance of the bonds.

(c) Upon adoption of a resolution ordering bonds, the board shall certify a copy of the resolution to the municipal fiscal officer, who shall then prepare the bonds. The municipal executive shall execute the bonds and the fiscal officer shall attest them. The bonds and interest are exempt from taxation for all purposes, except the financial institutions tax imposed under IC 6-5.5 or ~~an inheritance~~ **a** tax imposed under IC 6-4.1. All bonds issued by the board shall be sold by the fiscal officer to the highest bidder, but not for less than par, after giving notice of the sale by publication in accordance with IC 5-3-1.

(d) The bonds are not a corporate obligation or indebtedness of the municipality, but constitute an indebtedness of the district as a special taxing district. Except as provided in section 29(c) of this chapter, the bonds and interest are payable only out of a special tax levied upon all the property of the district as provided in this chapter. The bonds must recite these terms upon their face, together with the purpose for which they are issued.

(e) The board may sell bonds of the district to run for a period of five (5) years from the date of sale. The five (5) year bonds are exempt from taxation for all purposes except for the financial institutions tax imposed under IC 6-5.5. The board may sell bonds of the district in series for the purpose of refunding at any time the five (5) year bonds. Actions questioning the validity of the bonds issued or to prevent their issue may not be brought after the date set for the sale of the bonds, and all bonds are incontestable for any cause after that date.

(f) The total amount of the bond issue, including bonds already issued and to be issued, may not exceed twelve percent (12%) of the total adjusted value of taxable property in the district as determined under IC 36-1-15. All bonds issued in violation of this subsection are void.

SECTION 59. IC 36-10-9.1-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 22. All:

(1) property owned by the authority;
(2) revenues of the authority; and
(3) bonds issued by the authority, the interest on the bonds, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption before maturity, proceeds received at maturity, and the receipt of interest in proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 60. IC 36-10-10-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 24. All:

(1) property owned by the authority;
(2) revenues of the authority; and
(3) bonds or other securities issued by the authority, the interest on them, the proceeds received by a holder from the sale of bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption prior to maturity, proceeds received at maturity, and the receipt of interest and proceeds;

are exempt from taxation in Indiana for all purposes except the financial institutions tax imposed under IC 6-5.5 or a ~~state inheritance~~ tax imposed under IC 6-4.1.

SECTION 61. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 6-4.1-1-2; IC 6-4.1-1-3; IC 6-4.1-1-14; IC 6-4.1-2; IC 6-4.1-3; IC 6-4.1-4; IC 6-4.1-5; IC 6-4.1-6; IC 6-4.1-7; IC 6-4.1-8; IC 6-4.1-9; IC 6-4.1-12-1; IC 6-4.1-12-2; IC 6-4.1-12-4; IC 6-4.1-12-8; IC 6-4.1-12-9; IC 6-4.1-12-10.